

WHITEFORD TOWNSHIP

MONROE COUNTY

58-1150

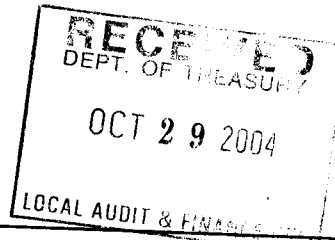
STATE OF MICHIGAN

FINANCIAL STATEMENTS AND AUDITORS' REPORT

Fiscal Year Ended June 30, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.



Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name WHITEFORD TOWNSHIP	County MONROE
Audit Date 6/30/2004	Opinion Date 10/7/2004	Date Accountant Report Submitted to State: 10/26/2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☒ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

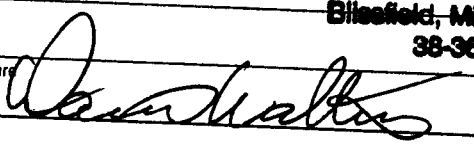
Certified Public Accountant (Firm Name) David W. Walters P.C., CPA		State		ZIP
Street Address 116 West Adrian Street		City		
Accountant Signature  CPA		Date 10/26/04		
Blissfield, Michigan 48809		38-3638135		

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W DAVID W. WALTERS, P.C.

CERTIFIED PUBLIC ACCOUNTANT

116 WEST ADRIAN STREET • BLISSFIELD, MICHIGAN 49228 • (517) 486 - 4371 • FAX (517) 486 - 4372

Board of Trustees
Whiteford Township
Monroe County, Michigan

We have audited the financial statements of Whiteford Township, as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Township prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Michigan, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the cash and unencumbered cash balances of Whiteford Township, as of June 30, 2004 and the revenues received and expenditures paid for the year then ended on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the governing body and management of Whiteford Township and for filing with the State of Michigan. This restriction is not intended to limit the distribution of this report, which is a matter of public record.


David W. Walters, PC

October 7, 2004

Whiteford Township
Combined Balance Sheet - All Fund Types and Account Groups
June 30, 2004

	Governmental Fund Types		
	General	Special Assessment	Debt Services
Assets			
Cash in bank			
Due from other funds	\$ 27,173		458,391
Deposits	417,032	502	
Land			
Building			
Equipment			
Vehicles			
Amount available for debt service			
Amount to be provided for retirement of general long-term debt			
Total Assets	<u>\$ 444,205</u>	<u>502</u>	<u>458,391</u>
Liabilities and Fund Balance			
Liabilities			
Notes payable (Note 4)	\$		
Due other funds			
Deposits	9,750		285,728
Total Liabilities	<u>9,750</u>		<u>285,728</u>
Fund Balance			
Investment in general fixed assets			
Reserved			
Unreserved:		502	172,663
Designated			
Undesignated	434,455		
Total Liabilities and Fund Balance	<u>\$ 444,205</u>	<u>502</u>	<u>458,391</u>

The notes to the financial statements are an integral part of this statement.

<u>Special Revenue</u>	<u>Building & Site</u>	<u>Fiduciary Fund Type</u> <u>Trust and Agency</u>	<u>Account Groups</u>		<u>Total</u> (Memorandum Only)
			<u>General Fixed Assets</u>	<u>General Long Term Debt</u>	
127,980	168,000	3,826			785,370
					417,534
					0
			189,849		189,849
			1,423,988		1,423,988
			401,575		401,575
			663,423		663,423
				127,967	127,967
				585,000	585,000
<u>127,980</u>	<u>168,000</u>	<u>3,826</u>	<u>2,678,835</u>	<u>712,967</u>	<u>4,594,706</u>
127,980		3,826		712,967	712,967
					417,534
					9,750
<u>127,980</u>		<u>3,826</u>		<u>712,967</u>	<u>1,140,251</u>
			2,678,835		2,678,835
					173,165
	168,000				0
					602,455
<u>127,980</u>	<u>168,000</u>	<u>3,826</u>	<u>2,678,835</u>	<u>712,967</u>	<u>4,594,706</u>

Whiteford Township
Combined Statement of Revenue Received, Expenditures Paid and Changes in Fund Balance
All Fund Types and Account Groups
Year Ended June 30, 2004

	Governmental Fund Types		
	General	Special Assessment	Special Revenue
Revenues Received			
Taxes	\$ 154,691	2,072	311,811
Licenses & permits	46,597		
State revenue sharing	319,516		
Interest and penalties	3,670		1,303
Cemetery fees	28,600		
Services & other	66,103		
Sand & stone removal fees	97,405		
Collection fees	45,794		
Total revenues received	<u>762,376</u>	<u>2,072</u>	<u>313,114</u>
Expenditures Paid			
General government	225,873		
Zoning and planning	2,653		
Health & welfare	65,248		
Recreation	25,768		
Cemetery	16,385		
Drains at large	400		
Road maintenance			
Public safety			453,100
Legislative	76,846	2,072	31,981
Debt service interest (Note 4)	13,830		
Principal retirement			
Total expenditures paid	<u>427,003</u>	<u>2,072</u>	<u>485,081</u>
Excess Revenues (Expenditures)	335,373	0	(171,967)
Other Financed Sources (Uses)			
Transfers from other funds (Note 2 & 3)			
Transfers to other funds (Note 3)	(333,776)		171,967
Excess of Revenues and Other Sources over/under Expenditures & Other Uses	1,597	0	0
Fund Balance - July 1, 2003	<u>432,858</u>	<u>502</u>	<u>0</u>
Fund Balance - June 30, 2004	<u>\$ 434,455</u>	<u>502</u>	<u>0</u>

The notes to the financial statements are an integral part of this statement.

		<u>Groups</u>	<u>Total</u>
<u>Debt</u>	<u>Building</u>	<u>General</u>	<u>(Memorandum</u>
<u>Service</u>	<u>& Site</u>	<u>Fixed Assets</u>	<u>Only)</u>
			468,574
			46,597
2,548			319,516
			7,521
			28,600
			66,103
			97,405
			45,794
<u>2,548</u>			<u>1,080,110</u>
			225,873
			2,653
			65,248
			25,768
			16,385
			400
25,229			453,100
197,242			110,899
			13,830
			25,229
			<u>197,242</u>
<u>222,471</u>			<u>1,136,627</u>
(219,923)			(56,517)
143,694		18,115	333,776
			<u>(333,776)</u>
(76,229)		18,115	(56,517)
<u>248,892</u>	<u>168,000</u>	<u>2,660,720</u>	<u>3,510,972</u>
<u>172,663</u>	<u>168,000</u>	<u>2,678,835</u>	<u>3,454,455</u>

Whiteford Township
Combined Statement of Revenues Received, Expenditures Paid and Changes in Fund Balances
Budget and Actual - General and Special Revenue Funds
Year Ended June 30, 2004

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues Received			
Property taxes	\$ 149,000	154,691	5,691
Licenses and permits	38,900	46,597	7,697
State revenue sharing	320,800	319,516	(1,284)
Interest and penalties	6,500	3,670	(2,830)
Cemetery fees	14,000	28,600	14,600
Services and other	37,500	66,103	28,603
Sand & stone removal	90,000	97,405	7,405
Collection fees	44,000	45,794	1,794
Total Revenues Received	\$ 700,700	762,376	61,676

The notes to the financial statements are an integral part of this statement.

Special Revenue Funds			Debt Retirement		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
295,900	311,811	15,911			
	1,303	1,303		2,548	2,548
<u>295,900</u>	<u>313,114</u>	<u>17,214</u>	<u>0</u>	<u>2,548</u>	<u>2,548</u>

Whiteford Township
Combined Statement of Revenues Received, Expenditures Paid and Changes in Fund Balances
Budget and Actual - General and Special Revenue Funds
Year Ended June 30, 2004

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Total Revenues Received	\$ 700,700	762,376	61,676
Expenditures Paid			
Operating	68,000	66,501	1,499
Supervisor	65,000	39,947	25,053
Clerk	30,000	27,210	2,790
Treasurer	44,000	42,763	1,237
Board of Review	1,800	1,255	545
Zoning and planning	6,000	2,653	3,347
Legislative	15,000	13,830	1,170
Assessing	100,000	46,776	53,224
Professional	34,000	25,372	8,628
Cemetery	20,000	16,385	3,615
Building inspection	40,000	30,920	9,080
Street lights	8,000	7,267	733
Repairs & maintenance	4,000	3,110	890
Drains at large	1,000	400	600
Recreation	26,000	25,768	232
Fire protection	100,000	49,329	50,671
Law enforcement	30,000	27,517	2,483
Road Maintenance			
Debt Service Principal			
Debt Service Interest			
Total expenditures paid	592,800	427,003	165,797
Excess Revenues - (Expenditures)	107,900	335,373	227,473
Transfers from other funds			
Transfers to other funds (Note 3)	(333,776)	(333,776)	
Excess Revenues and Other Sources over/ under Expenditures and Other Uses	(225,876)	1,597	227,473
Fund Balance - July 1, 2003	432,858	432,858	0
Fund Balance - June 30, 2004	\$ 206,982	434,455	227,473

The notes to the financial statements are an integral part of this statement.

Special Revenue Funds		
Budget	Actual	Variance Favorable (Unfavorable)
295,900	313,114	17,214

Debt Retirement		
Budget	Actual	Variance Favorable (Unfavorable)
0	2,548	2,548

32,000	31,981	19			
486,000	453,100	32,900			
			209,000	197,242	11,758
			26,000	25,229	771
518,000	485,081	32,919	235,000	222,471	12,529
(222,100)	(171,967)	50,133	(235,000)	(219,923)	15,077
171,967	171,967		143,694	143,694	
(50,133)	0	(50,133)	(91,306)	(76,229)	15,077
0	0	0	248,892	248,892	0
(50,133)	0	(50,133)	157,586	172,663	15,077

Whiteford Township
Combined Statement of Changes in Assets and Liabilities
All Agency Funds
Year Ended June 30, 2004

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
Assets				
Cash in bank	\$ 635	4,428,380	4,425,189	\$ 3,826
Liabilities				
Due - Other Funds	635	489,699	486,508	3,826
Due - County & State	0	2,039,971	2,039,971	0
Due - Schools	0	1,898,710	1,898,710	0
	\$ 635	4,428,380	4,425,189	\$ 3,826

The notes to the financial statements are an integral part of this statement

Whiteford Township
Notes to Financial Statements
June 30, 2004

1) **Summary of Significant Accounting Policies**

Basis of Accounting

The cash basis of accounting is followed by all funds.

Basis of Presentation: Fund Accounting

The accounts of Whiteford Township are organized on the basis of funds and account groups, each of which is a separate entity with its own self-balancing accounts that comprise its assets, liabilities, fund balances, revenues, and expenditures. Resources are accounted for in individual funds based upon the purposes for which they are to be spent and the restrictions, if any, on the spending activities. Whiteford Township uses the following generic fund types in its activities.

Governmental Fund Types

General Fund

The general operating fund of the Township accounts for all financial resources that are not required to be accounted for in the specific revenue funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt including principal, interest and related costs.

Building & Site Funds

The Building & Site Fund is used to account for financial resources designated for future property acquisitions.

Whiteford Township
Notes to Financial Statements (Continued)
June 30, 2004

Fiduciary Fund Type

Trust and Agency Funds

Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for other funds and/or other governments. These include Expendable Trust and Agency Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

General Fixed Assets

General fixed assets purchased are recorded as expenditures in the (applicable fund) at time of purchase. Such assets are capitalized at cost or estimated cost in the general fixed assets group of accounts except for certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems.

No depreciation has been provided on general fixed assets.

General Long-Term Debt Account Group

The General Long-Term Debt Account Group is used to account for long-term liabilities to be financed from government funds.

Cash Deposits

At June 30, 2004 the carrying amount of the Township's cash deposits were \$ 785,370 all of which were in bank certificates of deposit and operating accounts. \$ 200,000 of these funds were covered by federal deposit insurance and Michigan law does not require collateralization of governmental deposits.

Total Columns on Combined Statements - Overview

Total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

Whiteford Township
Notes to Financial Statements (Continued)
June 30, 2004

2) **Changes in Fixed Assets**

The following is a summary of changes in the general fixed assets account group for the fiscal year:

	Balance 6/30/03	Additions	Deletions/ Retirements	Balance 6/30/04
Land	\$ 189,849			\$ 189,849
Building	1,423,988			1,423,988
Equipment	383,460	18,115		401,575
Vehicles	663,423			663,423
Total General Fixed Assets	\$ 2,660,720	18,115	0	\$ 2,678,835
Additions to General Fixed Assets:				
From General Fund		\$ 18,115		

3) **Interfund Receivables, Payables, and Operating Transfers**

Individual fund interfund receivables and payables.

	Interfund Receivables	Interfund Payables
General Fund	\$ 417,032	
Special Assessment	502	
Special Revenue Fund		\$ 413,708
Trust and Agency Fund		3,826
	\$ 417,534	\$ 417,534

Total interfund net operating transfers for the fiscal year ended June 30, 2004 were as follows:

	Transfer In	Transfer Out
General Fund		\$ 333,776
Special Revenue Fund - Road Fund/Fire Fund	\$ 171,967	
Debt Retirement	143,694	
General Fixed Asset Account Group	18,115	
	\$ 333,776	\$ 333,776

Whiteford Township
Notes to Financial Statements (Continued)
June 30, 2004

4) Notes Payable & Commitment

The township has entered into \$ 605,701 of contracts for certain road improvements to be funded through a county road commission bonding. The township has contractually effectuated unsecured notes with the county road commission to pay interest semiannually and principal annually on these notes.

<u>Fiscal Year Ending</u>	<u>Principal Due</u>	<u>Interest Rate Per Annum</u>
6/30/05	\$ 65,000	2.75%
6/30/06	65,000	3.00%
6/30/07	65,000	3.25%
6/30/08	65,000	3.38%
6/30/09	65,000	3.63%
6/30/10	65,000	3.88%
6/30/11	65,000	4.00%
6/30/12	65,000	4.00%
6/30/13	65,000	4.00%
Total	<u>585,000</u>	

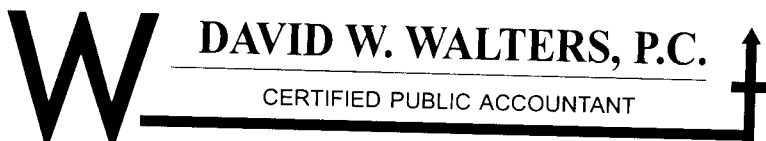
Installment Note Payable - dated December 17, 2002, \$ 380,000 original amount, annual installments of \$ 135,794.91 including interest at 6.0% per annum, due March 1, secured by commercial real estate.

Debt matures as follows:

June-05	<u>\$ 127,967</u>
Total Notes Payable	<u><u>\$ 712,967</u></u>

5) Commitments & Subsequent Events

The township has entered into \$ 605,701 of future road and maintenance contracts. In August 2004 the township voters approved a 1 mil road maintenance & improvements levy and a 1 mil fire protection levy for the fiscal years through the year 2008. For the year 2004 of such levy, 1 mil raises approximately \$ 152,905. As stated in note 4 above, to provide additional funds for these commitments, the township has entered into \$ 650,000 of unsecured notes to the county road commission payable over ten years.



DAVID W. WALTERS, P.C.

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
LAWS AND REGULATIONS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of
Whiteford Township

We have audited the general purpose financial statements of Whiteford Township, as of and for the year ended June 30, 2004, and have issued our report thereon dated October 7, 2004.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to Whiteford Township, is the responsibility of the Township's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the Township's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

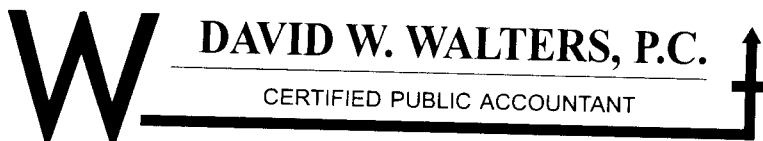
The results of our tests indicate that, with respect to the items tested, Whiteford Township complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Township has not complied, in all material respects, with those provisions.

This report is intended for the information of the Township Board, management, and the Department of Treasury. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

David W. Walters, P.C.

David W. Walters, PC

October 7, 2004



DAVID W. WALTERS, P.C.

CERTIFIED PUBLIC ACCOUNTANT

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Board of Trustees
Whiteford Township
Monroe County, Michigan

We have audited the general purpose financial statements of Whiteford Township for the year ended June 30, 2004, and have issued our report thereon dated October 7, 2004.

We have conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing our audit of the general purpose financial statements of Whiteford Township, for the year ended June 30, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

The Township officials are responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

We noted that the tax collections were not always remitted to all of the respective agencies within the prescribed 10 business days after the first and fifteenth day of each month of collecting activity. These amounts not remitted timely were very small and were not an issue with the applicable agencies.

We did not find any other matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above.

In addition to the above comment concerning internal control we also have the following comment:

1. Cash deposited at one financial institution in excess of \$100,000 on demand deposits and \$100,000 in savings and C.D.'s will not be covered by FDIC insurance, therefore, additional or full coverage could be retained through investing Township funds in additional institutions.

This report is intended solely for the information and use of the Whiteford Township Board, management, and others within the administration. If any questions arise concerning our recommendations or the implementation thereof, we would be pleased to assist in what ever capacity you may require.

We sincerely thank the Whiteford Township officials for their excellent assistance and cooperation in the conduct of the audit. Thank you for the opportunity to provide these services to the Whiteford Township.


David W. Walters, PC

October 7, 2004